PLEASANT VALLEY WATER DISTRICT

MASTER PLAN

JANUARY 1, 2016

TABLE OF CONTENTS

1. Purpose of the report …… 2

2. History ……... 3

3. Governance …….. 4

4. Location…… 5

5. Water Supply..... 7
5.1 Surface Water..... 7
5.2 Groundwater..... 7

6. District Financial information..... 8
6.1 Annual District Operations..... 9
6.2 Future Programs
6.2.1. Stream flow gauges/structures..... 9
6.2.2. Water Well transducers..... 9
6.2.3. Recharge Feasibility Study 9
6.2.4. Hydrologic Review/Report..... 9

7. Attachments
7.1 Updated By-Laws
7.2 2015 Audited Financial Statements
7.3 2005 Draft Groundwater Management Plan Update
7.4 2005 Draft Groundwater Groundwater Quality Mgt. Plan Update
7.5 2000 Groundwater Management Plan
7.6 2000 Hydrogeoligic Report prepared by Kenneth D Schmidt
7.7 2007 LAFCO Report

List of Figures
Figure 1**.** District Location Map

AF.....Acre-feet
CVP.....Central Valley Project
District ..... Pleasant Valley Water District
GSA…… Groundwater Sustainability Agency
GSP..... Groundwater Sustainability Plan
PVGB .....Pleasant Valley Groundwater Basn
PVWD ..... Pleasant Valley Water District
SGMA.....Sustainable Groundwater Management Act
USBR ..... United States Bureau of Reclamation

1. Purpose of the Report

Pleasant Valley Water District (PVWD) has been asked by the Fresno County Local Agency Formation Committee (LAFCO) to provide a report describing its operations and justification its existence. LAFCO is charged with enforcement of California legislation that requires a review and determination of an agencies need to exist. In some cases it may recommend to the County Board of Supervisors termination or consolidation with other agencies. The first such review was made in 2007 and raised the possibility that PVWD could be consolidated into the neighboring Westland's Water District. The legislation that guides LAFCO calls for 5 year follow up reviews. In their most recent draft report LAFCO has questioned the viability and necessity for PVWD to exist given recent years of inactivity. In November 2015 Brad Gleason, Don Devine, and Craig Finster met with LAFCO staff and agreed to develop a report that formally describes the various activities taking place within the District. This document reflects current PVWD plans for 2016 through 2015. The report will be updated each year to reflect the status of PVWD plans and/or modification of certain objectives in this report.

The creation of this report will also serve as a way to introduce and describe PVWD to other organizations or agencies as needed. The passage of California Groundwater legislation in 2014 has caused PVWD board of directors to become very active as the district moves toward implementation of the new law.

This document will also serve as a template for an anticipated District Website to be placed in service during 2016.

2. History

The Pleasant Valley District is a public water district formed on January 23, 1963, pursuant to the California Water Code and was organized for the purpose of contracting with the U.S. Bureau of Reclamation (USBR or Reclamation) for a long-term water supply. The water supply was to be delivered from the California Aqueduct (or San Luis Canal) through the Coalinga Canal (also called the Pleasant Valley Canal). Although the canal and associated pumping plant were constructed with capacity for delivery to the District, the District has not received a long term Central Valley Project water contract to date. However, in the late 1980's the District was able to obtain periodic one-year contracts. Acquisition of a permanent contract in the future does not appear to be foreseeable. In the future, the District plans to purchase supplemental water supplies from senior water rights holders located within Sacramento and Feather River systems. When available, the District will apply to the Bureau of Reclamation for Section 215 waters (flood waters) on the Sacramento River.

In 1967, the District applied to the State Water Resources Control Board for a yearly entitlement of 13,500 acre-feet of water from the Los Gatos, Warthan, Jacalitos and Zapato Chino Creeks for groundwater recharge. The permit was approved on conditions that certain facilities be constructed by December 1969. These conditions were not met, and, subsequently, the permit was revoked in May 1972. There still remains the potential to develop these water supplies in the future, especially along Los Gatos Creek.

3. Governance

The district Board of Directors meets on the 4th Tuesday of each month. The Board is served by landowners from the Pleasant Valley area as follows:

Bradford Gleason, President	Elected 2015 - Expires 2019
Donald Devine, Vice President	Appointed 2015 - Expires 2017
Ken Kreyenhagen	Elected 2015 - Expires 2019
Criag Finster	Elected 2015 – Expires 2019
Ross Allen	Elected 2013 - Expires 2017
Thomas Lovelace, Jr.	Elected 2013 - Expires 2017
Rod Stiefvater	Elected 2013 - Expires 2017

The District has three ad hoc committees that meet on an as needed basis.

Finance and Administration Ad Hoc Committee
- Bradford Gleason
- Tom Lovelace
- Craig Finster

Groundwater Basin Ad Hoc Committee
- Bradford Gleason
- Donald Devine
- Rod Stiefvater

Basin Boundary Ad Hoc Committee
- Bradford Gleason
- Donald Devine
- Ken Kreyenhagen

The District's legal council is provided by Melanie Aldridge. Ms. Aldridge attends all District Board of Director meetings and advises the Board to insure that it conducts business in accordance with the rules pertaining to the Brown Act. During 2016 the Board plans to conduct video training to further each member's knowledge of the Brown Act.

4. Location

The District encompasses an area of approximately 35,400 acres within Fresno County, and lies along the west side of the San Joaquin Valley, north of the Fresno-Kings County line. The District is located within Fresno County, generally east and southeast of the City of Coalinga. Los Gatos, Warthan, Jacalitos and Zapato Chino creeks have their headwaters west of the District, traverse a portion of the District and ultimately drain to the Arroyo Pasajero near the easterly boundary of the District. Below the confluence of Jacalitos and Los Gatos Creek, the drainage is termed the Arroyo Pasajero. The Arroyo Pasajero passes through the Pasajero Gap and Zapato Chino Creek passes through the Polvadero Gap as the creeks leave Pleasant Valley. The location of the District is shown in Figure 1. The District is located within the Pleasant Valley Basin as defined in the State of California Bulletin No. 118.

The District is located within a unique sub basin as defined by the Department of Water Resources bulletin 118. The sub basin and District boundaries are nearly identical and at present is considered a “Low” priority basin by DWR in terms of compliance with the Sustainable Groundwater Management Act. Westland’s Water District boarders PVWD to the east and is considered a separate sub basin apart from PVWD’s sub basin as determined by DWR bulletin 118. WWD is considered a “High” priority sub basin and falls under an accelerated set of rules as proscribed under SGMA.

The difference in sub basin priorities along with overall hydrogeology differences require separate GSA’s and GSP’s for both districts under SGMA. The landowners within PVWD are clear that they want local District representation and control for the approximate 40,000 within its sub basin. The results of the recent election to require mandatory assessments necessary to form a future GSA and GSP were overwhelming. Of the 71% of the total District lands that voted, 99 % were in favor.

The 2007 LAFCO report noted that PVWD could be a candidate for consolidation with WWD. On paper that might have looked attractive at the time. With the passage of the 2014 SGMA, farmers are facing numerous challenges as they begin to comply with the laws intricacies. WWD is over 600,000 acres represented by 9 directors. Those Directors naturally look after the interest of farmers within their boundaries. As local stakeholder’s, consolidating our 40,000 acres within the current operation would put us at a complete disadvantage.

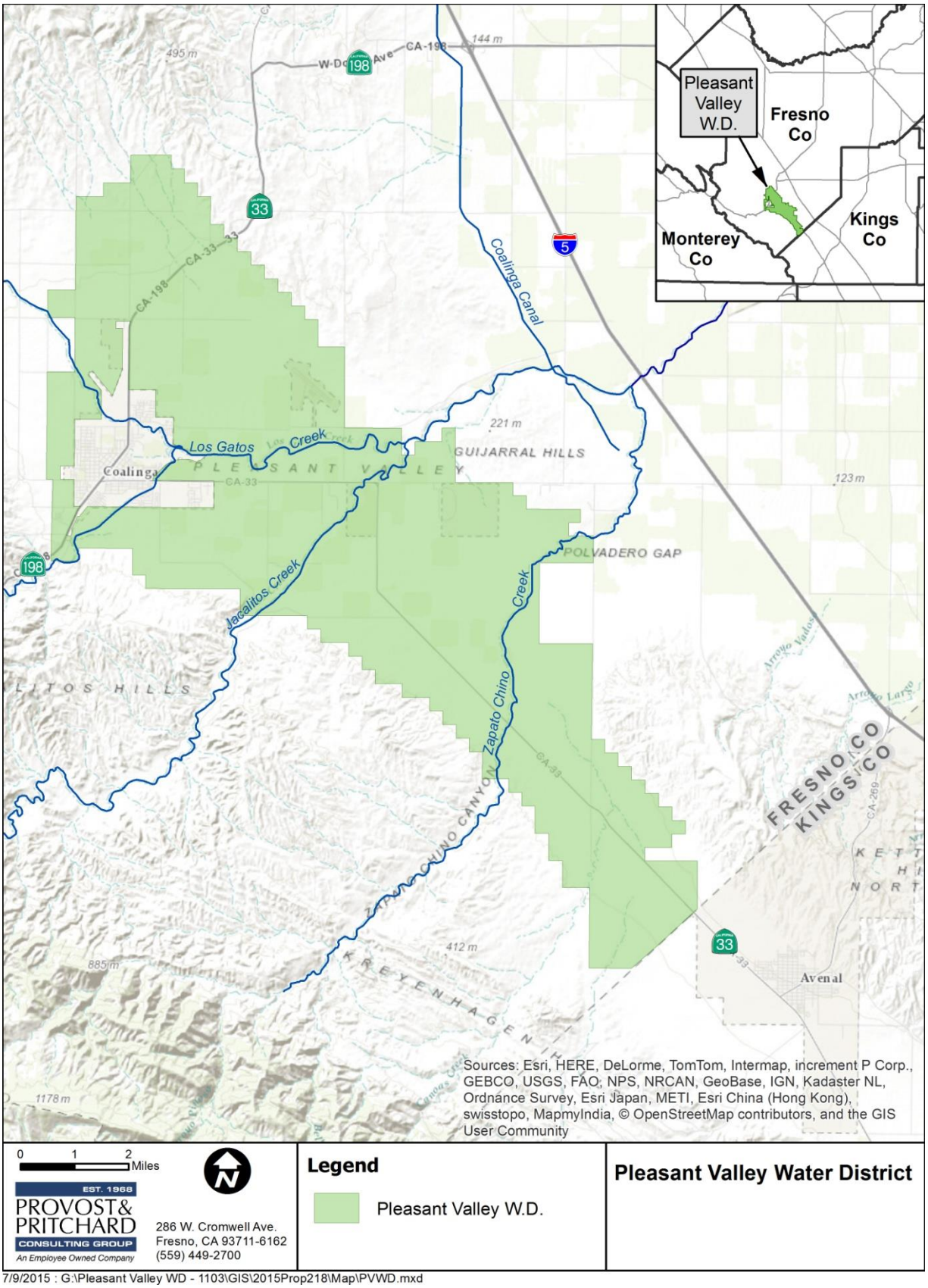


Figure 1. District Location Map

5. Water Supply

5.1 Surface Water

Pleasant Valley WD does not have a contracted surface water supply from the State Water Project or with the Federal Central Valley Project. However the District was formed with the intention to contract with the CVP to receive a surface water supply. It is within the Federal service area making it eligible to receive either Federal or State Supplemental water supplies. The District is pursuing filing with the State Water Resources Control Board to receive rights to surface water intended for recharge from the Los Gatos, Warthan, Jacalitos and Zapato Chino Creeks.

5.2 Groundwater

With the lack of a permanent surface water supply, District landowners have relied on groundwater for their irrigation supplies. Due to the dependence on groundwater, it has been estimated that in the past five decades, the groundwater level has dropped approximately 170 feet, with most of the decline occurring prior to the late 1980's when the area within the District was intensively farmed in row crops. In the late 1990's through the early 2000's, there was a reduction in cultivated agriculture within the District and the groundwater decline subsided. Over the past 15 years approximately 12,000 acres of Pistachios orchards have been developed within the District causing groundwater levels in certain areas of the Pleasant Valley Groundwater Basin to decline.

The District overlies the Pleasant Valley Basin as defined by Department of Water Resources Bulletin 118. Groundwater conditions in Pleasant Valley WD indicate the following:

- The Pleasant Valley groundwater basin is currently over drafted.
- Over 1,000,000 acre-feet of storage is available in the groundwater basin.
- Average Basin depth to groundwater in September 2015, is approximately 375 feet.
- The Basin, according to SGMA mapping, is a low priority Basin in California.
- By March 31, 2016 the District will have filed with the Department of Water Resources to amend the Basin boundary to conform with its technical hydro geologic formation.
- The District is committed to funding and performing the necessary investigations in support of meeting the technical requirements regarding the groundwater sustainability act, and the regulatory requirements regarding the act.
- The District has engaged Provost & Pritchard as its consulting engineer
- The District has engaged Kenneth D. Schmidt as its hydro geologic consultant

6. Financial information

On December 15, 2015 under the provisions of California Proposition 218, the District's landowners voted in favor of an assessment to cover the costs associated with District operations and future programs necessary to study its groundwater Basin. Per the schedule outlined below, the proposed programs are provided with costs per year and when they are anticipated to be funded:

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual District Operations	$90,000	$170,000	$175,000	$180,000	$185,000	$191,000	$197,000	$203,000	$209,000	$215,000
Hydro geologic Review	$10,000	$5,500	$6,000	$6,500	$7,000	$7,500	$8,000	$8,500	$9,000	$9,500
Proposition 218	$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Stream Flow Gauges	$80,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water Well Transducers	$75,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Recharge Feasibility Study	$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total[1]	**$355,000**	**$175,500**	**$181,000**	**$186,500**	**$192,000**	**$198,500**	**$205,000**	**$211,500**	**$218,000**	**$224,500**

6.1 District Operations

The District's Directors and officers are committed to engage themselves through various ad hoc committees to supervise and coordinate the tasks associated with a more active water district and a Groundwater Sustainability Agency (GSA). These committees are responsible for tasks assigned by the Board of Directors including the following:

- Assist with a Proposition 218 assessments by preparing, mailing and collecting District assessments from landowners;
- Supervise and coordinate engineering and hydro geological work necessary to accomplish the Board of Directors' directives;
- Gather and report on information required by the new state legislation and CASGEM;
- Qualify PVWD as Pleasant Valley's GSA and administer PVWD's Groundwater Sustainability Plan (GSP) required by SGMA.
- Investigate the ability of the District to acquire and import surface water for the benefit of the District's landowners. Such investigations include determining the ability of the District to import water through the use of Westland's Water District and/or Bureau of Reclamation canal or pipeline facilities through a Warren Act contract or other cooperative agreements.

  Annually gather crop information, groundwater levels and pumping amounts and map the change in groundwater levels.

6.2 Future Programs

1. Stream flow gauges/structures

The District is seeking to construct stream flow gauges as needed on the creeks that pass through the District to aid in the evaluation of the potential of recharge projects on each creek. It is anticipated that the project costs for the implementation and construction of stream flow gauges and structures will be approximately $80,000.

2. Water Well transducers

The District is seeking install 12 water level data loggers in wells throughout the District. These loggers will aid in the development of the hydro geologic report and annual monitoring. It is anticipated that the project costs for the construction and installation of well water level transducers would be approximately $75,000. It should be noted that more locations would be helpful and if landowners were to install transducers in their wells this information could be used in the analysis of the basin but are not budgeted in this report. It should also be noted that it would be helpful to have meters on the pumping wells in the District. At this time there is no budget for the installation of meters on wells.

3. Recharge Feasibility Study

After the District has initiated the installation of stream flow gauges and gained access to rainfall gauges within the watershed, the District will seek to develop a report by 2021 to determine how much average yearly recharge occurs within the Basin and the source(s) of that recharge. A study was performed in 1954 by Stanford University. The intent is to update the past work to more current conditions. The work will be the foundation for evaluating the sustainability of the Pleasant Valley Groundwater Basin (PVGB) and to help be compliant with SGMA. It is anticipated that the study will cost approximately $50,000.

4. Hydrologic Review/Report

A hydrologic review will also be performed to aid in evaluating the Recharge Feasibility study. This report will be developed with information gathered in the items listed above. Annual review and data collection from the data loggers in the monitoring wells and from the stream flow gauges on the streams. The initial cost is estimated at $10,000 in 2016 and is considered a one-time expense, with annual costs estimated on a yearly basis starting at $5,500 in 2017 escalating to $9,500 in 2025.

Attachments

7.1 Amended and Restated By- Laws dated December 15, 2015

Attachments

7.2 2015 Audited Financial Statements

Attachments

7.3 2005 Draft Groundwater Management Plan Update

Attachments

7.4 2005 Draft Groundwater Quality Monitoring Plan Update

Attachments

7.5 2000 Groundwater Management Plan

Attachments

7.6 2000 Hydrogeologic Report prepared by Kenneth D. Schmidt

Attachments

7.7 2007 LAFCO Report

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFC0)
EXECUTIVE OFFICER'S REPORT

CONSENT AGENDA ITEM No. 13-D

DATE: **December 5, 2007**

TO: **Fresno Local Agency Formation Commission**

FROM: **Rick Ballantyne, Executive Officer**
Darrel Schmidt, Deputy Executive Officer

SUBJECT: **Consider Adoption — Municipal Service Review and Sphere of Influence Update Prepared for the Pleasant Valley Water District**

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, special district Spheres of Influence (SOIs) before January 1, 2008, and every five years thereafter. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review* (MSR) for each agency.

On December 13, 2006, the Commission directed staff to enter into a contract with PMC to prepare MSRs and SOI Updates for numerous special districts. The attached MSR and SOI Update have been prepared for Pleasant Valley Water District.

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not modifications to a city or district's SOI are necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

Sphere of Influence updates may involve an affirmation of the existing SOI boundaries or recommend modifications to the SOI boundaries. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so.

State law requires that the Commission adopt written MSR determinations for each of the following nine criteria:

1. Infrastructure needs or deficiencies
2. Growth and population projections for the affected area
3. Financing constraints and opportunities
4. Cost avoidance opportunities
5. Opportunities for rate restructuring
6. Opportunities for shared facilities
7. Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers
8. Evaluation of management efficiencies
9. Local accountability and governance

As part of an SOI update, or adopting an SOI, the Commission is required to consider the following four criteria and make appropriate determinations in relationship to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

There are 18 water districts operating within Fresno County. This report addresses Pleasant Valley Water District. MSRs and SOI Updates prepared for the Farmers, Firebaugh Canal, Mercy Springs, and Ora Loma Water Districts also appear on today's agenda. MSRs and SOI updates prepared for the 13 additional water districts were approved at prior hearings.

Environmental Determination

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSR is categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." Indeed,

this MSR collects data for the purpose of evaluating municipal services provided by the agency. There is no land use change or environmental impact created by such a study.

Furthermore, the MSR qualifies for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI update qualifies for the same general exemption

from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that this MSR or SOI update may have a significant effect on the environment because there are no land use changes associated with either document. If the Commission approves and adopts the MSR and SOI update and determines that the project is exempt from CEQA, staff will prepare and file a notice of exemption with the County of Fresno, as required by CEQA Regulation section 15062.

Discussion / Summary of Determinations

Pleasant Valley Water District encompasses approximately 40,899 acres (63.9 square miles) in southwest Fresno County, surrounding the City of Coalinga and extending north, east, and southeast from the City. The District's southeast edge abuts the Fresno/Kings County boundary.

The District was formed in 1963 in order to secure water from the State of California or the Bureau of Reclamation, which would then be used for irrigation purposes. A contract for water was never secured, however, and the District is not receiving water from either of these sources, or any other source. Consequently it provides no services at this time.

In order to secure a water supply, the District has applied for and received several grants, totaling $700,000 to $800,000 in funding for groundwater banking feasibility studies. The District did not indicate the outcome of these studies. No other financial information was provided by the District.

The District is empowered to collect assessments from properties within the District, but it does not at this time because assessment funds are not sufficient to construct groundwater banking facilities and because no services are currently being provided. The District continues to seek grant funds to develop infrastructure for groundwater banking facilities and states that with an available water supply and adequate funding, it would plan and construct groundwater banking facilities to serve farmers within its boundaries. The District does not have any infrastructure or other facilities at this time.

The District is a member of the San Luis Delta Water Authority.

The District is managed by a five-member elected Board of Directors which meets at least once per year. Meetings were held more regularly when the District was more actively seeking grant funds. It is not known if the District is in compliance with Brown Act requirements.

The District does not have any full-time employees. It utilizes services provided by a consultant engineer, attorney, and bookkeeper on an infrequent basis and only as necessary.

Since the District is relatively inactive, has no regular source of funding, does not provide services, and does not own any facilities, there do not appear to be any opportunities for cost avoidance, rate restructuring, or shared facilities.

As the District is not actively providing services for which it was authorized, dissolution of the District is a potential government structure option. However, It appears that the District is still seeking to provide water for farmers within its boundaries. If the District is successful in securing water and funding for groundwater banking facilities, this might be of great benefit to its service area.

Another potential government structure option includes takeover of District operations by the City of Coalinga. The District states it is within the City's water service area and the City has water distribution system infrastructure already in place. It is not known what the capacity of this infrastructure is, however, or what other complications might result if the City were to take over District operations. Further, it is not known if the City would consider this feasible or desirable.

Staff notes that the District is also adjacent to the Westlands Water District to the east. Consolidation with Westlands Water District is a possibility; however, it is not known whether either District would consider this as being beneficial. Given that the District's operations are so limited, staff believes it may be appropriate for the District to explore these potential alternative government structures. Staff recommends that the Commission encourage the District to consult with staff, the City of Coalinga, and/or Westlands Water District about these possibilities.

The District's Sphere of Influence is coterminous with its boundary. Specific land uses within its boundary are not known, but are expected to be primarily open space and agricultural in nature. The District did not indicate whether a revision to its Sphere is necessary or desired. Staff recommends that the District's Sphere of Influence be updated by affirming its current boundary.

Affirmation of the existing SOI boundary will not result in the need for additional service demands or change the District's service capabilities.

Recommendations:

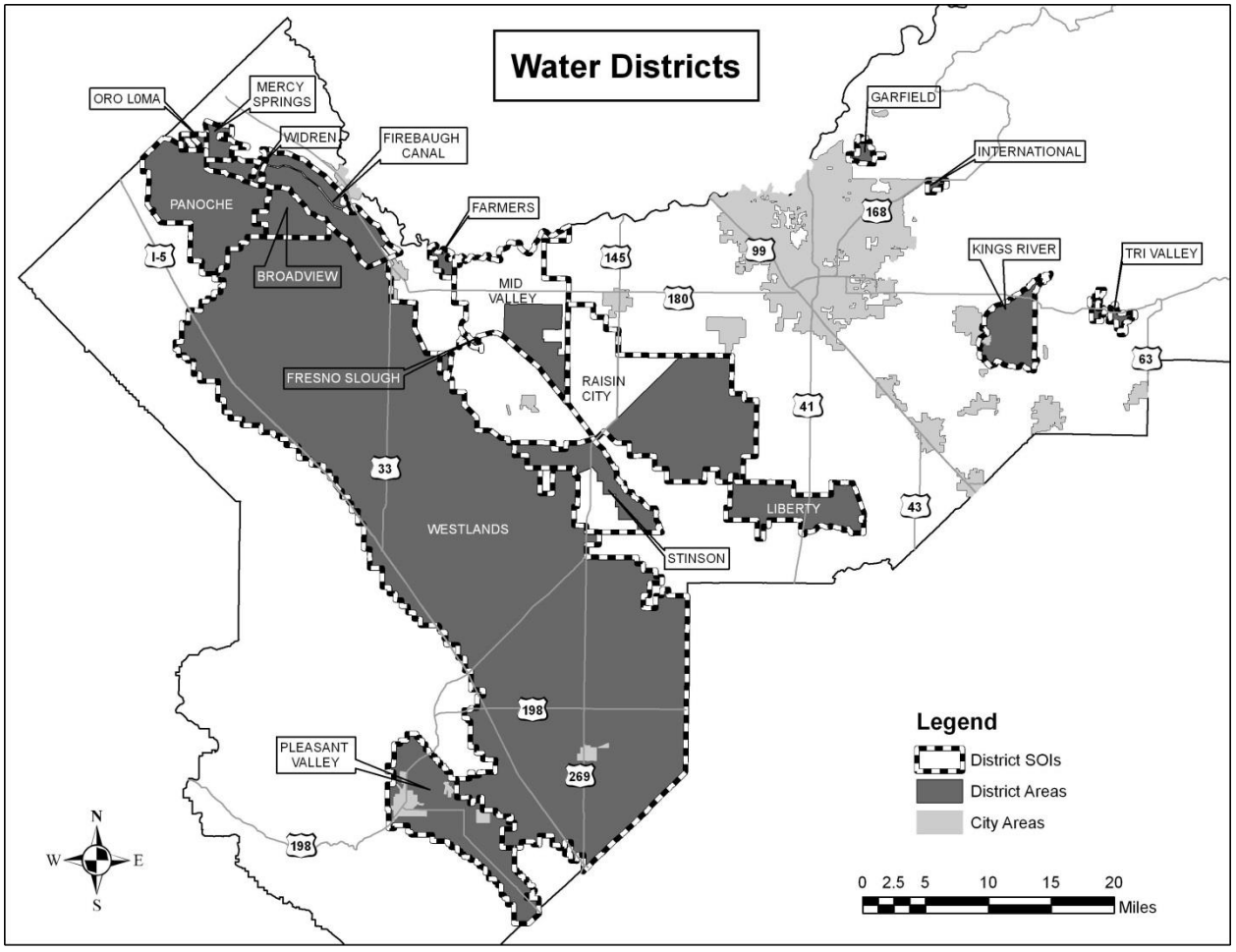
A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and the general exemption from environmental review, CEQA Regulation Section 15061(b)(3), and find that the SOI Update qualifies for the same general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).

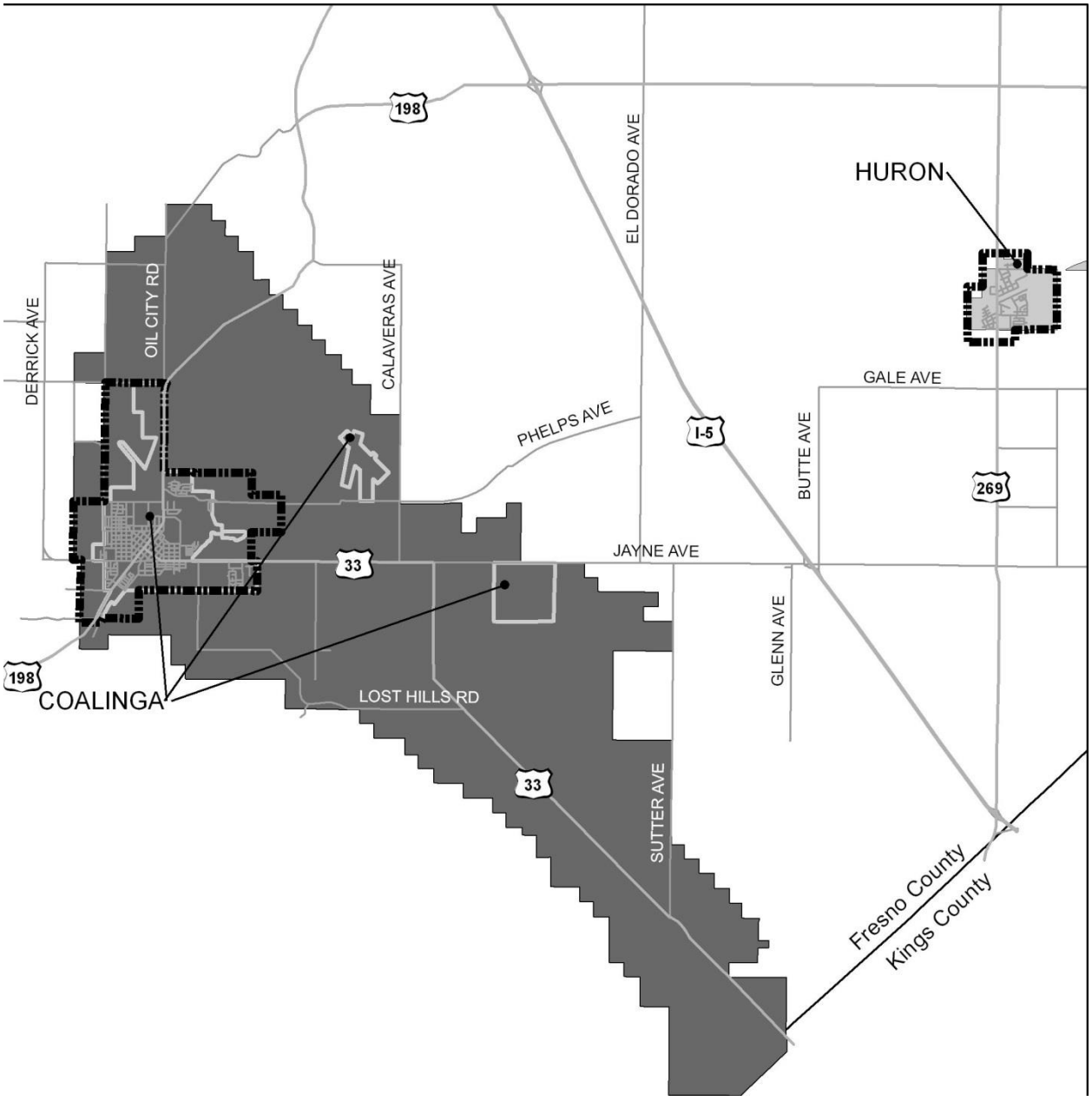
B. Find the Municipal Service Review and Sphere of Influence Update prepared for the Pleasant Valley Water District are complete and satisfactory.

C. Find that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.

D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and Sphere of Influence Update, adopt the Municipal Service Review prepared for the Pleasant Valley Water District by Pacific Municipal Consultants, and update the Sphere of Influence for said District by reaffirming its current boundary.

E. Encourage Pleasant Valley Water District to confer with LAFCo staff, the City of Coalinga, and/or Westlands Water District concerning the possibility of dissolution of the District and/or consolidation, or other reorganization with the City of Coalinga and/or Westlands Water District.


Water Districts
ORO LOMA
MERCY SPRINGS
WIDREN
FIREBAUGH CANAL
PANOCHE
FARMERS
I-5
BROADVIEW
MID VALLEY
145
99
180
GARFIELD
INTERNATIONAL
168
KINGS RIVER
TRI VALLEY
63
FRESNO SLOUGH
RAISIN CITY
41
33
WESTLANDS
LIBERTY
43
STINSON
198
PLEASANT VALLEY
269
198
N
W
E
S
Legend
District SOIs
District Areas
City Areas
0 2.5 5 10 15 20
Miles


198
EL DORADO AVE
HURON
DERRICK AVE
OIL CITY RD
CALAVERAS AVE
GALE AVE
PHELPS AVE
I-5
BUTTE AVE
269
JAYNE AVE
33
198
COALINGA
LOST HILLS RD
GLENN AVE
33
SUTTER AVE
Fresno County
Kings County

RESOLUTION NO. MSR-07-48D
FRESNO LOCAL AGENCY FORMATION COMMISSION
FRESNO COUNTY, CALIFORNIA

In the Matter of	**LAFCo Determination**
RESOLUTION MAKING DETERMINATIONS AND ADOPTING MUNICIPAL SERVICE REVIEW; AND MAKING DETERMINATIONS AND UPDATING SPHERE OF INFLUENCE FOR THE PLEASANT VALLEY WATER DISTRICT	**MAKE DETERMINATIONS AND ADOPT MUNICIPAL SERVICE REVIEW; AND MAKE DETERMINATIONS AND UPDATE SPHERE OF INFLUENCE FOR THE PLEASANT VALLEY WATER DISTRICT**

WHEREAS, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56425 et. Seq.) the Fresno Local Agency Formation Commission is required to review and update, as necessary, Spheres of Influence of local agencies not less than once every five years; and

WHEREAS, Government Code Section 56430 directs the Commission to conduct a review of municipal services not later than the time it considers an action to establish or update a Sphere of Influence (S01); and

WHEREAS, the Executive Officer prepared a Municipal Service Review (MSR) and Sphere of Influence Update for the Pleasant Valley Water District; and

WHEREAS, notice of this Commission's hearing of said request was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and State law, and at the time and in the form and manner provided by law; and

WHEREAS, the Commission has heard, discussed and considered all relevant evidence, including but not limited to the Executive Officer's *Municipal Service Review and Sphere of Influence Update Report,* environmental documentation, applicable land use plans and all testimony, correspondence and exhibits received during the public hearing process, all of which are included herein by reference.

NOW, THEREFORE, BE IT RESOLVED that the Local Agency Formation Commission of the County of Fresno does HEREBY STATE, FIND, RESOLVE, DETERMINE, AND ORDER as follows:

Section #1. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, this Commission finds that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and the general exemption from environmental review, CEQA Regulation Section 15061(b)(3), and finds that the SOI Update qualifies for the same general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).

Section #2. This Commission finds the Municipal Service Review and Sphere of Influence Update prepared for the Pleasant Valley Water District are complete and satisfactory.

Section #3. This Commission finds that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.

Section #4. Pursuant to Government Code Sections 56425 and 56430, this Commission makes the required determinations for the Municipal Service Review and Sphere of Influence Update, adopts the Municipal Service Review prepared for the Pleasant Valley Water District by PMC, and updates the Sphere of Influence for said District by reaffirming its current boundary.

Section #5. This Commission encourages Pleasant Valley Water District to confer with LAFCo staff, the City of Coalinga, and/or Westlands Water District concerning the possibility of dissolution of the District and/or consolidation or other reorganization with the City of Coalinga and/or Westlands Water District.

Section #6. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as provided in Government Code Section 56882 and to file, as appropriate, in the Office of the Fresno County Clerk all environmental documents, if any, pertaining to the approval of this Proposal, as required by State law.

* *

ADOPTED THIS 5th DAY OF DECEMBER, 2007, BY THE FOLLOWING VOTE:

AYES: **Commissioners Rodriguez, Fortune, Anderson, Larson, Lopez**

NOES: **None**

ABSENT: None

STATE OF CALIFORNIA)
COUNTY OF FRESNO)

CERTIFICATION

I, Victor Lopez, Chairman of the Fresno Local Agency Formation Commission (LAFCo), Fresno County, State of California, hereby certify that 'e foregoing resolution was adopted by the Commission on the 5th day of December 07.

tor Lopez, Chairman
ocal Ag

ency Formation Commission

Vic
Fresno L

PLEASANT VALLEY WATER DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the

Fresno Local Agency Formation Commission

Prepared by:

PMC
2729 Prospect Park Drive
Rancho Cordova, CA 95670

EXECUTIVE SUMMARY

I. ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act (Government Code Section 56000 et seq) requires all Local Agency Formation Commissions (LAFCos),including Fresno LAFCo, to conduct municipal service reviews (MSR) prior to updating the spheres of influence (SOI) of the various cities and special districts in the County, excluding community facility districts and school districts (Government Code Section56430). The fundamental role of a LAFCo is to implement the CKH Act, providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. The focus of this MSR is to provide LAFCo with all necessary and
relevant information related to the provision of services by the Pleasant Valley Water District.

II. MUNICIPAL SERVICE REVIEW PROCESS

The Municipal Service Review (MSR) and Sphere of Influence Update (SOI Update)process is a comprehensive assessment of the ability of government agencies to effectively and efficiently provide services to residents and users. The form and content of the MSR/SOI Update is governed by requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the State of California's LAFCo MSR Guidelines (Guidelines), published in August 2003.

This MSR/SOI Update evaluates the structure and operation of the service providers and discusses possible areas for improvement or coordination. Key sources for this study were information gathered through research and interviews, as well as the Municipal Service Review Guidelines published by the Governor's Office of Planning and Research (OPR). This MSR/SOI Update has been prepared for Fresno LAFCo in accordance with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of2000 as a means of identifying and evaluating public service providers within Fresno County and possible changes to their Sphere of Influence (SOI).

III. PURPOSE OF THE MUNICIPAL SERVICE REVIEW

The MSR contains analysis and conclusions, referred in this document as determinations, regarding nine topic areas set forth in the CKH Act. These areas of analysis contain the essential operational and management aspects of each service provider, and together constitute a review of the ability of each provider to meet the service demands of the residents within their existing and potentially expanded boundary. The topic areas represent the nine required topic areas set forth in the CKH act. Each report contains the following sections:

Growth and Population

This section reviews projected growth within the existing service boundaries of the special district and analyzes the growth potential within the service area and surrounding areas.

Infrastructure

This section analyzes whether sufficient infrastructure and capital are in place, and reviews capabilities for accommodating future growth in service demands.

Financing Constraints and Opportunities

This section evaluates the way the district is funded and possible opportunities to increase funding if needed.

Cost Avoidance Opportunities

This section evaluates factors affecting the financing of needed improvements, including outstanding opportunities and utilized opportunities for service providers to reduce costs.

Rate Restructuring

The fiscal history of the service provider and rate structure is evaluated to determine viability and ability to meet existing and expanded service demands.

Opportunities for Shared Facilities

This section evaluates the existing sharing of facilities and the ability to share facilities with other service providers.

Evaluation of Management Efficiencies

This section evaluates the overall managerial practices.

Government Structure

This section evaluates the ability of the service provider to meet its demands under its existing government structure. This includes discussion of potential reorganizations or other forms of governance that may result in the more efficient provision of services to local residents.

Local Accountability

This section examines how well the service provider makes its processes transparent to the public and invites and encourages public participation.

III. SERVICE PROVIDERS

This document contains MSRs/SOI Updates for Pleasant Valley Water District. The determinations and findings reached are based upon surveys of agency representatives, meetings, and assessments of existing documents.

Water Districts

Water Districts are dependent special districts formed pursuant to Division 12 of the California Water Code. This MSR analyzes the Pleasant Valley Water District

PLEASANT VALLEY WATER DISTRICT

I. SETTING

Pleasant Valley Water District (District) was formed in 1963 for the purpose of securing a watercontract with the State of California and/or the Bureau of Reclamation, but a water contractwas never secured. The District is empowered to provide water service within its service area,however; due to lack of water supply and funding, the District does not provide water service at this time. Further, there is no record of the District ever providing service.

Area Served

Pleasant Valley Water District is located in the western portion of Fresno County, near the Citiesof Coalinga and Huron. The District's service area is coterminous with the District's Sphere ofInfluence. The District surrounds the City of Coalinga and its two satellite areas. As the District does not provide any service, there is no overlap in service or service provided outside of the District's boundaries.

Services Provided

The District is empowered to provide water service. Due to lack of financing and water sources, the District does not provide service.

II. GROWTH AND POPULATION

The District indicated that it does not have an estimate of future service needs, or plan for future services, as it does not have an available water supply. The District would plan and construct groundwater banking facilities to serve farmers within the District's boundaries if adequate funding and water supply became available.

III. INFRASTRUCTURE Existing

Infrastructure Facilities and Conditions

The District does not own any infrastructure or facilities. At this time, the District has not secured sufficient groundwater sources and/or funding to necessitate the construction of infrastructure.

Planned Facilities

The District has no planned facilities. However, the District indicated that, "With funding and water supply available, the District would plan and construct groundwater banking facilities to serve farmers within the District's boundaries."

IV. FINANCING AND RATE RESTRUCTURING

Pleasant Valley Water District did not provide financial statements. The District's financing has primarily come from grants for the research and development of groundwater supply within the District.

In order to secure a water supply, the District has applied for several grants. The District has received $700,000 to $800,000 in grant funding for feasibility studies in order to examine the potential for groundwater banking.

The District did not indicate the conclusions of these studies. The District is seeking additional grant funds to develop infrastructure for groundwater banking.

Pleasant Valley Water District is empowered to collect assessments from properties within the District, however; financing from assessments would not be sufficient to cover the costs of construction of groundwater banking facilities. Additionally; the District does not collect assessments, as no services are being provided.

WATER V. COST AVOIDANCE OPPORTUNITIES

This section of the Municipal Service Review considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, potential sharing of facilities, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

Pleasant Valley Water District is a member of the San Luis Delta Water Authority. The District didnot indicate how membership in this organization impacts its ability to provide services.

The District avoids costs by having no full-time employees. The District has employed a consultant engineer, attorney and bookkeeper, however; services are only utilized when necessary.

No other cost avoidance opportunities were identified.

V. OPPORTUNITIES FOR SHARED FACILITIES

The District does not own any facilities and therefore does not share facilities with another agency. The District did not indicate any opportunities for shared facilities.

VI. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

Pleasant Valley Water District is an independent water district, formed under California Water Code section 34000-38500, which enables the formation of Water Districts to provide water services to a district. This District has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors). The District's current structure is adequate to support continued efforts to secure funding and water supply. However, the District may not be necessary for the residents within the District to receive water supply, and dissolution or reorganization into another agency may be desired.

The District is located within the City of Coalinga (City) service area. The City provides domestic water to its residents. Although the District would provide irrigation water, the District does not actually provide this service and did not indicate the current demand for irrigation service within its own boundary or the boundary of the City's service area. Since the City already has a water distribution system in place, it may be a potential alternative service provider for the District. It must be noted, however, that the capacity of the City's water distribution system is unknown and it is not known if the City would consider this a feasible or desirable option.

If the City were to become a provider of District services, dissolution of the District would likely be appropriate. The costs and time associated with such a transition would be minimized because the District does not provide service and does not have plans to provide service. Further

District does not have any infrastructure or any debt and does not require extensive managerial or administrative activity. The City would be burdened with the responsibility of securing funding and/or water and providing management/service, if there is a demand within the current boundaries of the District.

DISTRICT

Consolidation with Westlands Water District, which is located adjacent to the District, might also be a possibility. It is not known if either District would consider this as being beneficial to their individual interests. Given that the District's operations are so limited, it is believed that it may be appropriate for the District to explore these potential alternative government structures.

The District is managed by a five-member board of directors which meets at least once per year. When the District was undergoing the grant application process, meetings were held more frequently. As stated, the District has employed a consultant engineer, attorney and bookkeeper, however; services are not required on a frequent basis and are only utilized when necessary. The District has little need for management, or administration.

VIII. LOCAL ACCOUNTABILITY

The District did not indicate any practices for determining customer satisfaction. As the District does not provide any service, or collect any assessments from District residents, this is appropriate for the District's current situation.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The Sphere of Influence (SOI) recommendations analyzes the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth.

1) The present and planned land uses in the area, including agricultural and open space lands. Land uses within the District are primarily agricultural and residential. Land uses are not anticipated to change.

2) The present and probable need for public facilities and services in the area. The need for public facilities is unknown. Domestic water service is provided within the area, by the City of Coalinga.

3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide. The District does not own or operate any water supply facilities at this time. The need for facilities is unknown.

4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency. The District surrounds the City of Coalinga. It is recommended that the District work with the City to determine the most efficient provision of water service within the District area

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Pleasant Valley Water District indicated that it does not have an estimate of future service needs, or plan for future services, as it does not have an available water supply. The District would plan and construct groundwater banking facilities to serve farmers within the District's boundaries if there was adequate funding and water supply available.

Infrastructure

Pleasant Valley Water District does not own any infrastructure or facilities. At this time, the District has not secured sufficient groundwater sources and/or funding, to necessitate the construction of infrastructure.

Financing Constraints and Opportunities

Pleasant Valley Water District has received grants to conduct groundwater feasibility studies. The District is empowered to assess parcels within its boundaries, but has not used this source of financing, as they do not provide service.

Rate Restructuring

Pleasant Valley Water District is empowered to assess parcels within its boundaries, but has not used this source of financing, as they do not provide service.

Cost Avoidance Opportunities

Pleasant Valley Water District is a member of the San Luis Delta Water Authority. The District did not indicate how membership in this organization impacts its ability to provide services. No other cost avoidance opportunities were identified.

Opportunities for Shared Facilities

Pleasant Valley Water District does not own or operate any infrastructure or facilities. No opportunities for shared facilities were identified.

Government Structure Options

Pleasant Valley Water District is an independent special district, operating under the California Water Code section 34000-38500. The District's current structure is adequate to support continued efforts to secure funding and water supply, however; the District may not be necessary for the residents within the District to receive water supply, and dissolution, or absorption into another agency may be desired. The City of Coalinga is the best option for such a transition of government structure, however; a full analysis of the financial and operational impacts of such a transition should be conducted prior to any formal changes in the District's structure.

Evaluation of Management Efficiencies

Pleasant Valley Water District is managed by a five-member board of directors which meets at least once per year. When the District was undergoing the grant application process, meetings

were held more frequently. The District has employed a consultant engineer, attorney and bookkeeper, however; services are not required on a frequent basis and are only utilized when necessary. The District has little need for management, or administration.

Local Accountability

The District did not indicate any practices for determining customer satisfaction. As the District does not provide any service, or collect any assessments from District residents, this is appropriate for the District's current situation.

XI. BIBLIOGRAPHY

Schmidt, Darrel, Fresno County LAFCO. Phone interview with Pleasant Valley Water District RE: Municipal Service Review. November 2007.

Attachment A
Assessment Roll for PVWD